

## CHAPTER 10

ACCRUALS FOR PERSONNEL RELATED LIABILITIES1001 GENERAL

100101 Purpose. This chapter prescribes the accounting policy and related requirements for recording DoD liabilities for accrued payroll and benefits, actuarial liabilities, and civilian severance pay.

100102 Overview. The accounts discussed in this chapter provide financial data on accrued liabilities to be reported in the financial statements required by Treasury and to meet other reporting requirements mandated by OMB and the Congress.

1002 ACCOUNTING POLICY FOR ACCRUALS

100201 In addition to the accounting principles and policy in chapter 8 of this Volume, the following additional standards shall be recognized.

100202 The accounts shall be updated based on appropriate source documents and reflect the latest pay adjustments, leave balances, levels of benefits, and changes in benefit rules.

100203 Reasonable estimates (accruals) of the costs of services performed by DoD military and civilian employees shall be made when a pay period does not coincide with the end of an accounting period. Such accruals shall be recorded in the applicable accounting period based on journal vouchers with supporting documentation (or mechanized programs) that clearly shows the calculations and data used to compute the amount of the liability. The journal vouchers shall be signed by the appropriate authorized accounting official. These accruals shall be removed from the accounts only when the related pay is disbursed.

100204 Amounts due for annuities, adjudicated claims, and benefit payments as of the end of the period shall be recorded in the applicable

accounting period based on available information, provided that the payment is probable and the amount estimable. Such amounts shall be recorded based on journal vouchers and supporting documentation clearly showing the basis for the amounts recorded. The journal vouchers shall be signed by the appropriate authorized accounting official. Except for the DoD Component's share of fringe benefits computed as a part of the pay computation process, applicable accruals shall be reversed at the start of the next accounting period and actual costs accumulated.

100205 Awards made to employees such as those for suggestions, performance bonuses, special act awards, and productivity gain affect payroll cost. The DoD productivity gain sharing (PGS) program permits up to a maximum of 50 percent of achieved PGS savings to be paid to eligible employees. Subject to the 50 percent ceiling, the PGS program allows considerable flexibility in determination of the amount and form of payment--monetary or compensated absence (administrative leave). DoD activities develop their individual organization-wide PGS plans based on their mission functions. PGS plans should include a specified period of time that an employee must contribute to the work effort or be onboard to be eligible to receive a share of the PGS payout. PGS plans should also provide specifics as to whether an employee remains eligible or forfeits his/her share if the employee leaves the organization prior to the payout. If the plan and conditions permit, employees may elect to receive administrative leave, or cash payment, or a combination of administrative leave and pay. The administrative leave option may be granted at the discretion of the activity commander based upon workload requirements at the time. The period of time for which administrative leave may be granted to an employee will be derived by dividing the value of the employee's gain share award by his/her hourly rate plus an average factor for benefits. A liability shall be

recorded for that portion of a payout which is due but not yet paid.

100206 A compensated absence is an employee absence (ordinarily for vacation or illness) for which the employee will be paid. When DoD employees accrue rights to take leave with pay, DoD Components incur an expense and liability measured by the salary cost of the time that may be taken.

100206 The accrual of annual leave within the DoD is material and shall be recognized annually in DoD Component accounting records and financial statements. DoD Components, therefore, shall recognize the expense and related liability for annual leave (including home leave) as it accrues.

100207 Sick leave need not be accrued unless there is a need to recover full operating costs or a management requirement.

100208 The expense and related liability for annual leave shall be recorded at the wage rates at which the leave is earned. Use of a fringe benefit rate is also acceptable for calculating accrued annual leave.

100209 The liabilities for annual leave shall be adjusted to reflect all pay increases and unused leave balances at least annually for financial statement purposes.

100210 DoD Components responsible for accounting for programs that provide annuity benefits shall recognize a liability for the actuarial present value of accumulated benefits. These are benefits earned or accrued as of the benefit information date (the date as of which benefit information is presented) but will not be paid until a later date.

100211 Accumulated benefits for annuity programs shall be comprised of benefits expected to be paid to the following:

A. Persons who have not met the program's conditions and who will receive benefits in the future.

B. Persons who have met enough of the program's conditions to be considered probable recipients of future benefits.

C. The survivors of both groups, as applicable.

100212 The amounts to be reflected in the general ledger accounts shall not be limited to the amounts actually funded.

100213 To the extent such liabilities are unfunded DoD Components shall maintain appropriate supporting records of the unfunded portions to provide appropriate footnote disclosure in the financial statements when necessary.

100214 The liability for claims incurred (both reported and unreported) shall be determined by use of accepted actuarial principles and reported in the program's financial statements. If existing legislation requires that amounts paid to participants be recovered from others (e.g., employing agencies), then the estimated amount to be recovered shall be reported as a receivable with the sources of expected repayments clearly indicated.

1003 ACCOUNTING FOR ACCRUALS. The following accounts shall be used by DoD Components to record accruals:

100301 Accrued Liabilities-Payroll and Benefits (Account 2200)

A. "Accrued Liabilities-Payroll and Benefits" account reflects accrued funded payroll and benefits and accrued unfunded annual leave.

B. This account is a summary account used for financial reporting purposes. No transactions shall be posted to this summary account.

100302 Accrued Funded Payroll and Benefits (Account 2210)

A. "Accrued Funded Payroll and Benefits" reflects the estimated liability for salaries and wages of civilians that have been earned

but are unpaid and amounts of funded annual leave, sick leave (when a decision is made to record a liability for sick leave), and other employee benefits that have been earned but unpaid.

B. This account is a summary account for financial reporting purposes. No transactions shall be posted to this summary account.

100303 Accrued Payroll-Civilian (Account 2211)

A. "Accrued Payroll-Civilian" is used to record the estimated liability at the end of the current accounting period for the earned but unpaid civilian salaries and wages.

B. Table 10-1 illustrates the most common entries used for this account.

**ACCOUNTING ENTRIES FOR ACCOUNT 2211 - ACCRUED PAYROLL-CIVILIAN**

1. Dr 6111 Personnel Compensation-Civilian  
Cr 2211 Accrued Payroll-Civilian

To record civilian employee funded compensation earned.

2. Dr 2211 Accrued Payroll-Civilian  
Cr 1012 Funds Disbursed

To record civilian compensation paid.

**TABLE 10-1**

C. Sources for entries to this account include payroll and leave records, documented estimates, and disbursement vouchers.

100304 Accrued Payroll-Military (Account 2212)

A. "Accrued Payroll-Military" is used to record the estimated liability at the end of the

current accounting period for the earned but unpaid military personnel pay.

B. Table 10-2 illustrates the most common entries used for this account.

C. Sources for entries to this account include payroll and leave records, plus documented estimates, and disbursement vouchers.

**ACCOUNTING ENTRIES FOR ACCOUNT 2212 - ACCRUED PAYROLL-MILITARY**

1. Dr 6112 Personnel Compensation-Military  
Cr 2212 Accrued Payroll-Military

To record military personnel compensation earned.

2. Dr 2212 Accrued Payroll-Military  
Cr 1012 Funds Disbursed

To record military compensation paid.

**TABLE 10-2**

100305 Accrued Payroll-Civilian-Employer Share of Personnel Benefits (Account 2213)

A. "Accrued Payroll-Civilian-Employer Share of Personnel Benefits" is used to record the estimated liability at the end of the current accounting period for earned but unpaid civilian personnel benefits.

B. Table 10-3 illustrates the most common entries used for this account.

C. Sources for entries to this account include payroll records, journal vouchers supported by documented estimates, and disbursement vouchers.

**ACCOUNTING ENTRIES FOR ACCOUNT 2213 -  
ACCRUED PAYROLL-CIVILIAN-EMPLOYER SHARE OF PERSONNEL BENEFITS**

1. Dr 6113 Personnel Benefits Civilian  
Cr 2213 Accrued Payroll-Civilian-Employer Share of Personnel Benefits  
  
To record civilian employee funded benefits earned.
2. Dr 2213 Accrued Payroll-Civilian-Employer Share of Personnel Benefits  
Cr 1012 Funds Disbursed  
  
To record payment of benefits.

**TABLE 10-3**

100306 Accrued Payroll-Military-Employer Share of Personnel Benefits (Account 2214)

A. "Accrued Payroll-Military-Employer Share of Personnel Benefits" is used to record the estimated liability at the end of the current accounting period for the earned but unpaid personnel benefits.

B. Table 10-4 illustrates the most common entries used for this account.

C. Sources for entries to this account include payroll records, journal vouchers supported by documented estimates, and disbursement vouchers.

**ACCOUNTING ENTRIES FOR ACCOUNT 2214 -  
ACCRUED PAYROLL-MILITARY-EMPLOYER SHARE OF PERSONNEL BENEFITS**

1. Dr 6114 Personnel Benefits Military  
Cr 2214 Accrued Payroll-Military-Employer Share of Personnel Benefits  
  
To record military personnel funded benefits earned.
2. Dr 2214 Accrued Payroll-Military-Employer Share of Personnel Benefits  
Cr 1012 Funds Disbursed  
  
To record payment of benefits.

**TABLE 10-4**

**100307 Accrued Payroll-Funded Annual Leave-Civilian (Account 2215)**

A. "Accrued Payroll-Funded Annual Leave-Civilian" is used to record the estimated liability at the end of the current accounting period for earned but unpaid civilian employee annual leave that has been funded through rates charged to customers when that rate includes a factor for funding of this expense. This account

is applicable to the Defense Business Operations Fund and other DoD revolving funds that finance their full annual leave through reimbursable rates charged to customers.

B. Table 10-5 illustrates the most common entries used for this account.

C. Sources for entries to this account include payroll and leave records.

**ACCOUNTING ENTRIES FOR ACCOUNT 2215 -  
ACCRUED PAYROLL-FUNDED ANNUAL LEAVE-CIVILIAN**

1. Dr 6130 Annual Leave  
Cr 2215 Accrued Payroll-Funded Annual Leave-Civilian

To record the amount of funded annual leave earned by civilian employees

2. Dr 2215 Accrued Payroll-Funded Annual Leave-Civilian  
Cr 2213 Accrued Payroll-Civilian-Employer Share of Fringe Benefits

To record the amount of funded annual leave used by civilian employees.

**TABLE 10-5**

**100308 Accrued Unfunded Annual Leave (Account 2220)**

A. "Accrued Unfunded Annual Leave" reflects amounts of annual leave that have been earned and are payable, and will be paid from future years appropriations.

B. This account is a summary account used for financial reporting purposes. No transactions shall be posted to this account.

C. Sources for entries to this account include the payroll and leave records.

**100310 Accrued Annual Leave-Military (Unfunded) (Account 2222)**

A. "Accrued Annual Leave-Military (Unfunded)" is used to record the amount of the estimated liability at the end of the current accounting period for earned but unpaid and unfunded military personnel annual leave.

B. This account is applicable to non Defense Business Operations Fund, departmental-level activities only.

C. Table 10-7 illustrates the most common entries used for this account.

D. Sources for entries to this account include the payroll and leave records.

**100309 Accrued Annual Leave-Civilian (Unfunded) (Account 2221)**

A. "Accrued Annual Leave-Civilian" is used to record the estimated liability at the end of the current accounting period for earned but unpaid and unfunded civilian employee annual leave, including home leave.

B. Table 10-6 illustrates the most common entries used for this account.

**ACCOUNTING ENTRIES FOR ACCOUNT 2221 -  
ACCRUED ANNUAL LEAVE-CIVILIAN (UNFUNDED)**

1. Dr 6130 Annual Leave  
Cr 2221 Accrued Annual Leave-Civilian (Unfunded)  
  
To record the amount of unfunded annual leave earned by civilian employees.
2. Dr 2221 Accrued Annual Leave-Civilian (Unfunded)  
Cr 2213 Accrued Payroll-Civilian-Employer Share of Fringe Benefits  
  
To record the amount of unfunded annual leave used by civilian employees.

**TABLE 10-6**

**ACCOUNTING ENTRIES FOR ACCOUNT 2222 -  
ACCRUED ANNUAL LEAVE-MILITARY (UNFUNDED)**

1. Dr 6130 Annual Leave  
Cr 2222 Accrued Annual Leave-Military (Unfunded)  
  
To record the amount of unfunded annual leave earned by military personnel.
2. Dr 2222 Accrued Annual Leave-Military (Unfunded)  
Cr 2214 Accrued Payroll-Military-Employer Share of Fringe Benefits  
  
To record the amount of unfunded annual leave taken by military personnel.

**TABLE 10-7**

**100311 Actuarial Liabilities (Account 2600)**

A. Actuarial Liabilities" reflects the estimated present value of program benefits that will be made in the future that relate to services performed or entitlements due as of the balance sheet date. This account is not used to accrue liabilities for contributions to these programs.

B. This account is a summary account used for financial reporting purposes. No entries are posted to this account.

**100312 Retirement Plans (Account 2610)**

A. "Retirement Plans" is used to record the actuarial present value of the

accumulated plan benefits of the DoD Military Retirement Fund.

B. In computing the liability, DoD personnel shall comply with the requirements in chapter 15 of this Volume.

C. Defense Finance and Accounting Service (DFAS) shall report DoD Military Retirement Fund financial information in financial statements in accordance with the guidance contained in chapters 1, 4, and 5, of Volume 6, of this regulation.

D. Table 10-8 illustrates the most common entries used for this account.

### ACCOUNTING ENTRIES FOR ACCOUNT 2610 - RETIREMENT PLANS

1. Dr 7600 Changes in Actuarial Liability  
Cr 2610 Retirement Plans

To record the increase in the actuarial present value of accumulated benefits payable from the DoD Military Retirement Fund.

2. Dr 2610 Retirement Plans  
Cr 7600 Changes in Actuarial Liability

To record the decrease in the actuarial present value of accumulated benefits payable from the DoD Military Retirement Fund.

**TABLE 10-8**

E. Sources for entries to this account include documented actuarial determinations.

#### 100313 Insurance Plans (Account 2620)

A. "Insurance Plans" is used to record the actuarial liability for future policy benefits of any insurance plan that DoD may be asked to administer.

B. At the present time, DoD does not administer any insurance plans. Accordingly, use of this account is not authorized.

#### 100314 Other Actuarial Liabilities (Account 2690)

A. "Other Actuarial Liabilities" is used to record the actuarial present value of other plans not classified above.

B. At the present time, DoD does not administer any such plans. Accordingly, use of this account is not authorized.

#### 100315 Accrued Civilian Severance Pay (Unfunded) (Account 2993)

A. "Accrued Civilian Severance Pay (Unfunded)" is used to record the unfunded liability for accrued payments due to former civilian employees who were involuntarily separated or to their survivors. Amounts recorded in this account do not include foreign national separation pay required pursuant to agreements negotiated with the respective foreign countries. Such amounts are treated as a noncurrent public account payable and recorded in account 2114, "Accounts Payable-Public-Noncurrent."

B. Table 10-9 illustrates the most common entries used for this account.

C. Sources for entries to this account include personnel office computations of the severance pay and disbursement vouchers.

**ACCOUNTING ENTRIES FOR ACCOUNT 2993 -  
ACCRUED CIVILIAN SEVERANCE PAY (UNFUNDED)**

1. Dr 6115 Benefits to Former Personnel  
Cr 2993 Accrued Civilian Severance Pay (Unfunded)

To record the increase in the amount of civilian employee severance pay accrued as of the end of the accounting period.

2. Dr 2993 Accrued Civilian Severance Pay (Unfunded)  
Cr 2213 Accrued Payroll-Civilian-Employer Share of Fringe Benefits

To transfer amounts to be paid for severance pay to the funded liability account

**TABLE 10-9**



ACCOUNT NO. 2200	
ACCRUED LIABILITIES - PAYROLL AND BENEFITS	
<b>DESCRIPTION:</b> Reflects accrued funded payroll and benefits and accrued unfunded annual leave.	
DEBIT	CREDIT
<p>This is a summary account</p> <p>Do not post to this account</p>	
<b>NORMAL BALANCE:</b> CREDIT	
FIGURE 10-1	

ACCOUNT NO. 2210	
ACCRUED FUNDED PAYROLL AND BENEFITS	
<b>DESCRIPTION:</b> Reflects the estimated liability for salaries and wages of civilians that have been earned but are unpaid and amounts of funded annual leave, sick leave, and other employee benefits that have been earned but unpaid.	
DEBIT	CREDIT
<p>This is a summary account</p> <p>Do not post to this account</p>	
NORMAL BALANCE: CREDIT	
FIGURE 10-2	

ACCOUNT NO. 2211	
ACCRUED PAYROLL - CIVILIAN	
<b>DESCRIPTION:</b> Represents the amount of the estimated liability for civilian employee funded compensation earned but unpaid as of the end of the current accounting period.	
DEBIT	CREDIT
1. Compensation paid. Contra: 1012	1. Amount of civilian employee funded compensation accrued as of the end of the current accounting period. Contra: 6111
NORMAL BALANCE: CREDIT	
FIGURE 10-3	

ACCOUNT NO. 2212	
ACCRUED PAYROLL - MILITARY	
<b>DESCRIPTION:</b> Represents the amount of the estimated liability for military personnel funded compensation earned but unpaid as of the end of the current accounting period.	
DEBIT	CREDIT
1. Compensation paid. Contra: 1012	1. Amount of military personnel funded compensation accrued as of the end of the current accounting period. Contra: 6112
NORMAL BALANCE: CREDIT	
FIGURE 10-4	

ACCOUNT NO. 2213	
ACCRUED PAYROLL - CIVILIAN - EMPLOYER SHARE OF PERSONNEL BENEFITS	
<b>DESCRIPTION:</b> Represents the amount of the estimated liability for currently employed civilian employee benefits earned and funded but unpaid as of the end of the current accounting period.	
DEBIT	CREDIT
1. Payments made.  Contra: 1012, and 2221	1. Amount of civilian employee funded benefits accrued as of the end of the current accounting period.  Contra: 6113
<b>NORMAL BALANCE:</b> CREDIT	
FIGURE 10-5	

ACCOUNT NO. 2214	
ACCRUED PAYROLL - MILITARY - EMPLOYER SHARE OF PERSONNEL BENEFITS	
<b>DESCRIPTION:</b> Represents the amount of the estimated liability for currently employed military personnel benefits earned and funded but unpaid as of the end of the current accounting period.	
DEBIT	CREDIT
1. Benefit payments made.  Contra: 1012, and 2214	1. Amount of military personnel funded benefits accrued as of the end of the current accounting period.  Contra: 6114
<b>NORMAL BALANCE:</b> CREDIT	
FIGURE 10-6	

ACCOUNT NO. 2215	
ACCRUED PAYROLL-FUNDED ANNUAL LEAVE-CIVILIAN	
<b>DESCRIPTION:</b> Represents the amount of the funded liability for annual leave earned by civilian employees but not used as of the end of the current accounting period.	
DEBIT	CREDIT
<p>1. Funded annual leave used by civilian employees.</p> <p>Contra: 2213 Accrued Payroll-Civilian-Employer Share of Fringe Benefits</p>	<p>1. Amount of funded annual leave earned by civilian employees but not used as of the end of the current accounting period.</p> <p>Contra: 6130 Annual Leave</p>
<b>NORMAL BALANCE:</b> CREDIT	
FIGURE 10-7	

ACCOUNT NO. 2220	
ACCRUED UNFUNDED ANNUAL LEAVE	
<b>DESCRIPTION:</b> Reflects amounts of annual leave which have been earned and are payable, and are expected to be paid from future years appropriations.	
DEBIT	CREDIT
<p>This is a summary account</p> <p>Do not post to this account</p>	
NORMAL BALANCE: CREDIT	
FIGURE 10-8	



ACCOUNT NO. 2221	
ACCRUED ANNUAL LEAVE - CIVILIAN (UNFUNDED)	
<b>DESCRIPTION:</b> Represents the amount of the unfunded liability for annual leave earned by civilian employees but not used as of the end of the current accounting period.	
DEBIT	CREDIT
1. Leave used.  Contra: 2213 Accrued Payroll - Civilian - Employer Share of Fringe Benefits.	1. Amount of annual leave earned by civilian employees but not used as of the end of the current accounting period.  Contra: 6130 Annual Leave
<b>NORMAL BALANCE:</b> CREDIT	
FIGURE 10-9	

ACCOUNT NO. 2222	
ACCRUED ANNUAL LEAVE - MILITARY (UNFUNDED)	
<b>DESCRIPTION:</b> Represents the amount of the unfunded liability for annual leave earned by military personnel but not used as of the end of the current accounting period.	
DEBIT	CREDIT
1. Leave used.  Contra: 2214 Accrued Payroll - Military - Employer Share of Fringe Benefits	1. Amount of annual leave earned by military personnel but not used as of the end of the current accounting period.  Contra: 6130 Annual Leave
<b>NORMAL BALANCE:</b> CREDIT	
FIGURE 10-10	

ACCOUNT NO. 2600	
ACTUARIAL LIABILITIES	
<b>DESCRIPTION:</b> Reflects the estimated present value of program benefits that will be made in the future that relate to services performed or entitlements due as of the balance sheet date.	
DEBIT	CREDIT
<p>This is a summary account</p> <p>Do not post to this account</p>	
NORMAL BALANCE: CREDIT	
FIGURE 10-11	

ACCOUNT NO. 2610	
RETIREMENT PLANS	
<b>DESCRIPTION:</b> Reflects the actuarial present value of the accumulated plan benefits of the DoD Military Retirement Fund.	
DEBIT	CREDIT
<p>1. Decrease in actuarial present value of accumulated benefits payable from the DoD Military Retirement Fund to military personnel or their survivors.</p> <p>Contra: 7600</p>	<p>1. Increase in actuarial present value of accumulated benefits payable from the DoD Military Retirement Fund to military personnel or their survivors.</p> <p>Contra: 7600</p>
<b>NORMAL BALANCE:</b> CREDIT	
FIGURE 10-12	

ACCOUNT NO. 2620	
INSURANCE PLANS	
<b>DESCRIPTION:</b> Reflects the actuarial liability for future policy benefits of insurance plans.	
DEBIT	CREDIT
This account is currently not in use	
NORMAL BALANCE: CREDIT	
FIGURE 10-13	

ACCOUNT NO. 2690	
OTHER ACTUARIAL LIABILITIES	
<b>DESCRIPTION:</b> Reflects the actuarial present value of other actuarial plans not classified to other accounts.	
DEBIT	CREDIT
<p>This account is not authorized for use by DoD Components at this time</p>	
<b>NORMAL BALANCE:</b> CREDIT	
FIGURE 10-14	

ACCOUNT NO. 2993	
ACCRUED CIVILIAN SEVERANCE PAY (UNFUNDED)	
<b>DESCRIPTION:</b> Represents the amount of the estimated liability for civilian employee unfunded severance pay accrued as of the end of the current accounting period.	
DEBIT	CREDIT
1. Payments that liquidate the accrual. Contra: 1012	1. Increase in the amount of civilian employee severance pay accrued as of the end of the current accounting period. Contra: 6115
<b>NORMAL BALANCE:</b> CREDIT	
FIGURE 10-15	